



INDIAN SCHOOL MUSCAT
SECOND PRE - BOARD EXAMINATION
ECONOMICS (030)

CLASS: XII

TERM – II

Time Allotted: 2Hrs.

21.02.2022

Max. Marks: 40

General Instructions:

1. It is a subjective paper consisting of 13 questions overall.
2. There are 5 questions of 2 marks each, 5 questions of 3 marks each and 3 questions of 5 marks each.
3. 2 marks questions are Short Answer Type and must be answered within 30-50 words
4. 3 marks questions are Short Answer Type and must be answered within 50-80 words
5. 5 marks questions are Long Answer Type and must be answered in at least 120 words

- 1 Define net investment. What are the components of gross domestic investment in a country? 2

OR

How negative externalities act as limitation of estimation of GDP?

- 2 Who are regular salaried employees? Why are less women found in regular salaried employment? 2

OR

Define worker population ratio. Why are less women found in employment in Urban areas?

- 3 There exists a positive correlation between infrastructural growth and national income. Comment 2

- 4 In an economy, Marginal propensity to save is 70%. Find: 2

- a) Value of Marginal propensity to consume.
- b) Investment Multiplier

- 5 Draw a hypothetical consumption curve and mark breakeven point. 2

OR

Draw a hypothetical saving curve and mark breakeven point

- 6 a) What are the components of compensation of employees? 3

- b) Compensation to the victims of a natural calamity is an example of a welfare measure taken by the government". State with valid reason, should it be included/not included in the estimation of national income of India.

OR

Suppose the Nominal Gross Domestic Product (GDP) of Nation X was ₹200,000 crores in 2018-19, whereas the Real Gross Domestic Product of Nation X in the same year was ₹120,000 crores.

- a) Why do we say that Real GDP is better than nominal GDP?
- b) Calculate GDP deflator.

- 7 In an economy $C = 400 + 0.8 Y$ is the consumption function where C is the consumption expenditure and Y is the national income. Investment expenditure is ₹800 crores. Is the economy in equilibrium at an income level ₹3500 crores? Justify your answer. 3
- 8 If the rate of resource extraction exceeds the rate of regeneration, it leads to reduction in carrying capacity of the environment.” Discuss the rationale of the given statement with valid reasons. 3

Read the following text carefully and answer question number 9 and 10 given below

There's no doubt that the global balance of power has shifted east in recent years. The rise of India and China has fundamentally altered the modern world, whether that be politically, economically, demographically, or sociologically. Both nations, with their gigantic populations and extensive resources, now command yet again a level of worldwide influence not seen since the mid-19th century. And the rapid economic successes both achieved in recent history, China since 1978 and India since 1990, have helped to push Asia towards an unprecedented level of prosperity. People like to connect Asia's massive growth in both productivity and living standards over the past 40 years with vague rhetorical points about globalization or the pending eradication of poverty. But that narrative misses out on the bigger story.

To call China's development trajectory purely communist or capitalist would indeed make both Karl Marx and Adam Smith roll over in their graves. Deng Xiaoping and those who followed have ambitiously used market forces when convenient, and cast them aside when not. This mixed system has generated impressive economic successes at a high political cost. The Communist Party weakened collective agriculture by allowing peasants to leave and farm their own land, and instigated the one-child policy in 1979 to control rapid population growth. While still brutally crushing civilian dissent (most notably the 1989 incident in Tiananmen Square), the Chinese government established “special economic zones” to experiment with market-led policies and permitted the opening of the Shanghai Stock Exchange in 1990.

But what about India? India's ascent has been far more modest but still significant. Unlike China, India since independence has remained a functional parliamentary democracy. Since the 1990's the country has pursued more traditionally Western economic reforms that have transformed India into the world's third largest economy.

- 9 What are the implications of one child norm policy in Chinese economy? 3
- 10 Analyze the reasons for faster growth of GDP of India and China in the global context. 3
- 11 a) How has women's health become a matter of concern? 5
b) Discuss any two disadvantages of informalization of work force?

12 Calculate GDP at factor cost from the following data:

5

Particulars	₹ in crores
Private Final Consumption Expenditure	800
Net Domestic Capital Formation	150
Change in Stock	30
Net Factor Income from Abroad	(-)20
Net Indirect tax	120
Government Final Consumption Expenditure	450
Net Exports	(-)30
Consumption of fixed capital	50

13 Explain the concept of Inflationary gap using diagram. How does taxation policy help to fight against the inflationary gap? 5

OR

Using the diagram explain the concept of deficient demand. How does change in repo rate help to remove this situation in the economy?

End of the Question Paper

Roll Number

SET B



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5. 5 marks questions are Long Answer Type and must be answered in at least 120 words

- 1 There exists a positive correlation between infrastructural growth and national income. Comment 2
- 2 In an economy, marginal propensity to consume is 60%. Find: 2
 - a) Value of marginal propensity to save
 - b) Investment multiplier
- 3 Draw a hypothetical consumption curve and mark breakeven point. 2
OR
Draw a hypothetical saving curve and mark breakeven point
- 4 Who are regular salaried employees? Why are less women found in regular salaried employment? 2
OR
Define worker population ratio. Why are less women found in employment in Urban areas?
- 5 Define Net Investment. What are the components of Gross Domestic Investment in a country? 2
OR
How Negative externalities act as limitation of estimation of GDP?
- 6 In an economy $C = 400 + 0.5Y$ is the consumption function where C is the consumption expenditure and Y is the national income. Investment expenditure is ₹600 crores. Is the economy in equilibrium at an income level ₹1500 crores? Justify your answer. 3
- 7
 - a) What are the components of compensation of employees? 3
 - b) Compensation to the victims of a natural calamity is an example of a welfare measure taken by the government". State with valid reason, should it be included/not included in the estimation of national income of India.

OR

Suppose the Nominal Gross Domestic Product (GDP) of Nation X was ₹200,000 crores in 2018-19, whereas the Real Gross Domestic Product of Nation X in the same year was ₹120,000 crores.

- a) Why do we say that Real GDP is better than nominal GDP?
- b) Calculate GDP deflator.

- 8 If the rate of resource extraction exceeds the rate of regeneration, it leads to reduction in carrying capacity of the environment.” Discuss the rationale of the given statement with valid reasons. 3

Read the following text carefully and answer question number 9 and 10 given below

There's no doubt that the global balance of power has shifted east in recent years. The rise of India and China has fundamentally altered the modern world, whether that be politically, economically, demographically, or sociologically. Both nations, with their gigantic populations and extensive resources, now command yet again a level of worldwide influence not seen since the mid-19th century. And the rapid economic successes both achieved in recent history, China since 1978 and India since 1990, have helped to push Asia towards an unprecedented level of prosperity. People like to connect Asia's massive growth in both productivity and living standards over the past 40 years with vague rhetorical points about globalization or the pending eradication of poverty. But that narrative misses out on the bigger story.

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But what about India? India's ascent has been far more modest but still significant. Unlike China, India since independence has remained a functional parliamentary democracy. Since the 1990's the country has pursued more traditionally Western economic reforms that have transformed India into the world's third largest economy.

- 9 Analyze the reasons for faster growth of GDP of India and China in the global context. 3
- 10 What are the implications of One child norm policy in Chinese economy? 3
- 11 Explain the concept of Inflationary gap using diagram. How does taxation policy help to fight against the inflationary gap? 5

OR

Using the diagram explain the concept of deficient demand. How does change in repo rate help to remove this situation in the economy?

- 12 a) How has women's health become a matter of concern? 5
b) Discuss any two disadvantages of informalization of work force?
- 13 Calculate NNP at factor cost from the following data: 5

Particulars	₹ in crores
Private Final Consumption Expenditure	800
Net Domestic Capital Formation	150
Change in Stock	30
Net Factor Income from Abroad	(-)20
Net Indirect tax	120
Government Final Consumption Expenditure	450
Net Exports	(-)30
Consumption of fixed capital	50

End of the Question Paper

Roll Number

SET C



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- 1 Define Gross Investment. What are the components of Gross Domestic Fixed Investment in a country? 2

OR

How Positive externalities act as limitation of estimation of GDP?

- 2 Draw a hypothetical consumption curve and mark breakeven point. 2

OR

Draw a hypothetical saving curve and mark breakeven point.

- 3 In an economy, Marginal propensity to save is 70%. Find: 2

- a) Value of Marginal propensity to consume
- b) Investment Multiplier

- 4 There exists a positive correlation between infrastructural growth and national income. Comment 2

- 5 Who are regular salaried employees? Why are less women found in regular salaried employment? 2

OR

Define worker population ratio. Why are less women found in employment in Urban areas?

- 6 a) What are the components of compensation of employees? 3

- b) Compensation to the victims of a natural calamity is an example of a welfare measure taken by the government". State with valid reason, should it be included/not included in the estimation of national income of India.

OR

Suppose the Nominal Gross Domestic Product (GDP) of Nation X was ₹2 00,000 crores in 2018-19, whereas the Real Gross Domestic Product of Nation X in the same year was ₹120,000 crores.

- a) Why do we say that Real GDP is better than nominal GDP?
- b) Calculate GDP deflator.

- 7 In an economy $C = 400 + 0.8Y$ is the consumption function where C is the consumption expenditure and Y is the national income. Investment expenditure is ₹800 crores. Is the economy in equilibrium at an income level ₹3500 crores? Justify your answer. 3
- 8 Give an account on the rationale behind the current environmental crisis. 3

Read the following text carefully and answer question number 9 and 10 given below

There's no doubt that the global balance of power has shifted east in recent years. The rise of India and China has fundamentally altered the modern world, whether that be politically, economically, demographically, or sociologically. Both nations, with their gigantic populations and extensive resources, now command yet again a level of worldwide influence not seen since the mid-19th century. And the rapid economic successes both achieved in recent history, China since 1978 and India since 1990, have helped to push Asia towards an unprecedented level of prosperity. People like to connect Asia's massive growth in both productivity and living standards over the past 40 years with vague rhetorical points about globalization or the pending eradication of poverty. But that narrative misses out on the bigger story.

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Government Final Consumption Expenditure	450
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Consumption of fixed capital	50

End of the Question Paper